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9 July 2014

Mr Matthew Schroder  
General Manager  
Fuel, Transport and Prices Oversight Branch  
Australian Competition and Consumer Commission  
GPO Box 520  
Melbourne Vic 3001

via email: [transport@acc.gov.au](mailto:transport@acc.gov.au)

**Australian Rail Track Corporation's compliance with the financial model and pricing principles in the Hunter Valley Coal Network Access Undertaking for 2013**

Dear Matthew,

Rio Tinto Coal Australia (RTCA), as manager of Coal & Allied Industries Limited, would like to comment on the ACCC's Consultation Paper in relation to ARTC's compliance with the financial model and pricing principles in the Hunter Valley Coal Network Access Undertaking for 2013.

RTCA considers that the May 2014 Discussion Paper released by the ACCC in relation to a review of ARTC's revenue allocation processes has revealed significant new information to the industry. Given this new information, RTCA now has serious concerns about ARTC's methodology for reconciling Access Revenue with the Ceiling Limit, and is of the view that the processes adopted by ARTC are not economically justified, and are having a material impact on Producers within the Constrained Network. RTCA intends to provide detailed information about these concerns in a submission to the ACCC's revenue allocation review.

Given the insights into the revenue allocation process provided by the ACCC's revenue allocation discussion paper, RTCA is particularly concerned as to whether the \$19.6m of 'unders' for the Constrained Network has been appropriately calculated. In fact, RTCA analysis suggests that ARTC may have over-collected revenue in the Constrained Network and should therefore be returning the 'overs' to the Constrained Customers. It is RTCA's view that the review of ARTC's revenue allocation could result in the adoption of a more economically justified methodology for ARTC's annual reconciliation and 'unders and overs' accounting processes. We understand that the ACCC has some flexibility in the timing of its assessment of ARTC's compliance, and would therefore ask that the ACCC delay its determination until the outcomes of the revenue allocation review are known.

As always, we would welcome the opportunity to discuss these matters directly with the ACCC and if you require any additional information, please call me on (07) 3625 5078.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Adam Viertel', with a long horizontal flourish extending to the right.

Adam Viertel

Manager – Infrastructure

Rio Tinto Coal Australia